

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Lifeline and Link Up Reform and Modernization)	WC Docket No. 11-42
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Lifeline and Link Up)	WC Docket No. 03-109

COMMENTS

Pursuant to the Notice of Proposed Rulemaking (“*Lifeline NPRM*”) released on March 4, 2011 relating to the Lifeline and Link Up portions of the federal Universal Service Fund (“USF”), the Public Service Commission of the District of Columbia (“DC PSC”) respectfully submits its comments on many of the *Lifeline NPRM*’s proposals.¹ Although the *Lifeline NPRM* sought input from interested parties on several issues, the DC PSC’s comments are limited to providing information on the District of Columbia Universal Service Trust Fund (“DC USTF”) and responding to proposals concerning eliminating waste, fraud, and abuse, customer eligibility, certification and verification, coordinated enrollment, outreach, and broadband, where the DC PSC’s experience can be most beneficial to the Federal Communications Commission (“FCC”). The DC PSC also incorporates by reference its comments submitted in response to the Public Notice on Lifeline and Link Up issued by the Federal-State Joint Board on Universal Service.²

I. The District of Columbia Universal Service Trust Fund

Pursuant to the District of Columbia Telecommunications Competition Act of 1996 (“TCA”), the Commission has established its own state universal service fund for Lifeline service.³ As a non-federal

¹ *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, CC Docket No. 96-45, WC Docket No. 03-109, Notice of Proposed Rulemaking (March 4, 2011).

² DCPSC Comments, CC Docket No. 96-45, WC Docket No. 03-109 (filed July 15, 2010).

³ D.C. Code § 34-2003 (2010). The District of Columbia does not participate in the federal universal service

default state, the DC PSC has created its own customer eligibility requirements, which include complying with the federal requirements and having an income below 150% of the federal poverty level ("FPL").⁴ A separate government agency, the District Department of the Environment's Energy Office ("DDOE"), certifies customer eligibility. Eligible telecommunications carriers ("ETC") are reimbursed only for those customers that are on DDOE's list of eligible customers.⁵

The DC USTF is funded by assessments on all local exchange carriers obtaining local revenue in the District of Columbia.⁶ Since the DC PSC has no authority over wireless carriers, only wireline carriers can be ETCs for the purpose of receiving funds from the DC USTF.⁷ There are two wireline ETCs that have been designated by the DC PSC: Verizon Washington, DC Inc. ("Verizon DC") and NationsLine District of Columbia, Inc. ("NationsLine"). The DC USTF generally provides a subsidy of \$6.50 per eligible customer.⁸ The DC PSC notes that two wireless companies that the FCC has designated as ETCs in the District of Columbia are now receiving funding from Universal Service Administrative Company ("USAC"): TracFone and Virgin Mobile. The latest USAC figures show that TracFone receives more reimbursement from USAC than both wireline ETCs combined.⁹

There is an annual recertification process for all eligible customers, which requires demonstration of continued eligibility to DDOE. Each year, DDOE notifies customers of the need to recertify by at least one mailing, followed by a reminder mailing. Customers may recertify by presenting evidence of continued eligibility by mail or in person. After the recertification deadline has passed, DDOE provides lists of customers who have not recertified to the ETC serving these customers and to the DC PSC. The DC PSC then orders the ETCs to remove these customers from Lifeline service ("regrading"). The

high cost fund since it has no high cost areas.

⁴ 50 *D.C. Reg.* 8198 (October 3, 2003), to be codified at 15 DCMR § 2820.2.

⁵ 50 *D.C. Reg.* 8198 (October 3, 2003), to be codified at 15 DCMR § 2803.1(a).

⁶ Amendments to the TCA have authorized the Commission to assess Voice over Internet Protocol ("VoIP") providers for the DC USTF, which includes support for Telecommunications Relay Service as well as Lifeline. D.C. Code § 34-2006 (2010). The DC PSC is in the process of amending its rules to implement these changes.

⁷ D.C. Code § 34-2006 (2010). *See also*, 50 *D.C. Reg.* 8198 (October 3, 2003), to be codified at 15 DCMR § 2801.2.

⁸ The DC USTF provides an additional \$2.00 subsidy per customer aged 65 or over, if the ETC offers an additional \$2.00 discount to that customer.

⁹ Universal Service Administrative Company Low Income Disbursement Data for March 2011 at <http://www.usac.org/li/tools/disbursements/results.aspx>.

recertification process is the same for both ETCs. There is no sampling of customers to determine continued eligibility, since all must be recertified by DDOE.

The DC PSC is currently in the process of reviewing the operation and administration of the DC USTF, since the DC PSC is concerned about the low level of Lifeline subscribership in the District of Columbia. While the DC PSC has received comments from interested parties, the investigation is incomplete. The DC PSC can share some of its experiences in operating its own universal service program, which differs in many respects from the federal program but, due to its continuing investigation, its comments are limited.

II. Immediate Reforms to Eliminate Waste, Fraud, and Abuse

In the *Lifeline NPRM*, the FCC seeks comment on ways to reduce duplicate Lifeline claims for the same customer.¹⁰ While the DC USTF has not yet experienced this problem, the DC PSC has access to ETC customer lists and the DDOE customer list, so that duplicate claims for wireline Lifeline service can be identified. The DCPSC has not yet developed a process for determining which ETC, if either, would be permitted to be reimbursed for a customer receiving duplicate wireline Lifeline services.

The DC PSC is very concerned about customers receiving duplicate Lifeline services from a wireline ETC and a wireless ETC, or multiple wireless ETCs. Since the DC PSC has no authority to handle duplicate Lifeline services when at least one ETC is a wireless carrier, the DC PSC urges the FCC to develop rules to prevent duplicate services at the federal level. The DC PSC supports the proposed revisions to section 54.410(e) that would require ETCs to provide unique customer information to USAC so that a comparison of customer lists can be performed to find duplicate Lifeline services. The DC PSC also notes that this information should be provided to USAC in compatible formats, to reduce the administrative burden of comparing lists in different formats.

The DCPSC also supports strengthening the audit process, especially by requiring ETCs to be

¹⁰ *Lifeline NPRM*, ¶ 52-64.

audited the first year after providing Lifeline service.¹¹ With the number of ETCs, especially wireless ETCs, increasing rapidly, the potential for waste, fraud, and abuse increases. The DC PSC particularly encourages increased auditing of wireless ETCs that offer Lifeline service in jurisdictions in which the state commission has no authority over wireless providers. Audit results should be shared with state commissions.

III. Eligibility Criteria

The *Lifeline NPRM* seeks input regarding customer eligibility criteria. The DC PSC urges the FCC to permit states to have more permissive eligibility criteria than the federal criteria. As stated above, one of the DC USTF's eligibility criteria is 150% of the FPL, not 135%. Considering the high cost of living in the District of Columbia and the current economic situation, having a higher income standard is necessary.¹² The DC PSC argues that the FCC should permit states to establish more permissive requirements as long as a state fund exists. This policy would permit jurisdictions like the District of Columbia to adapt their state programs to take into account local economic circumstances.¹³

Limiting Lifeline eligibility in the District of Columbia to 135% of FPL would be administratively burdensome and harmful to District of Columbia Lifeline customers. Changing the eligibility requirements would require DDOE, the District of Columbia governmental agency responsible for certifying customer eligibility for Lifeline as well as other utility discount programs, to apply different eligibility criteria to different programs.¹⁴ This change would greatly increase DDOE's workload while confusing customers, since they might be eligible for one program but not another. Additionally, the DC

¹¹ *Lifeline NPRM*, ¶ 98.

¹² Indeed, DDOE has petitioned the DC PSC to increase the eligibility standard to the greater of either 150% of FPL or the Low Income Home Energy Assistance Program ("LIHEAP") standard for the state median income ("SMI"), arguing that the current economic situation merits increasing the ceiling for Lifeline eligibility. The DC PSC is currently seeking additional information and comments on this proposal, and has taken no position at this time.

¹³ If the FCC were to adopt this proposal, language should be added to section 54.409(a) expressly permitting states to have more permissible eligibility criteria if a state fund exists.

¹⁴ Until recently, DDOE has used the same eligibility criteria for the four utility discount programs for which it certifies customers. Because the eligibility criteria for some of the programs have recently changed, DDOE has petitioned the DCPSC for use of the same eligibility criteria for Lifeline as for the other utility discount programs.

PSC notes that requiring the DC USTF to comply with the 135% of FPL standard would cause many District of Columbia Lifeline customers to lose Lifeline service.

The DC PSC urges the FCC to raise the standard to at least 150% of FPL.¹⁵ With the increase in the eligibility ceiling, any FCC mandate to states to comply with these federal eligibility criteria would not cause District of Columbia Lifeline customers to lose service.

IV. Customer Certification

The *Lifeline NPRM* proposes several changes to the current processes for certifying customer eligibility. The DC PSC notes that the DC USTF does not rely on any self-certification of eligibility. Instead, all customers must be certified by DDOE annually, which requires proof of income. Because the DC USTF reimburses ETCs for only those customers on the DDOE customer list, the ETCs do not perform or submit any customer sampling. These procedures prevent the District of Columbia ETCs from receiving reimbursement from the DC USTF for ineligible customers. The DC PSC urges the FCC not to preempt states that have their own customer certification and annual verification programs. The DC PSC depends on its strict certification and verification procedures to protect the financial integrity of the DC USTF.

Because wireless ETCs in the District of Columbia use the federal certification and verification procedures, the DC PSC supports any reforms to these procedures that would decrease the possibility of waste, fraud, and abuse. The DC PSC supports eliminating customer self-certification of eligibility.¹⁶ Also, ETCs should be required to inform customers of the one-Lifeline-per-residence rule, and customers should be required to acknowledge that they understand this rule by signing a statement to that effect.¹⁷ Consumers should also be required to inform their Lifeline carriers when they no longer qualify for Lifeline service, although the DC PSC acknowledges that this requirement would be difficult to enforce.¹⁸

¹⁵ *Lifeline NPRM*, ¶ 157.

¹⁶ *Lifeline NPRM*, ¶ 170.

¹⁷ *Lifeline NPRM*, ¶ 167.

¹⁸ *Lifeline NPRM*, ¶ 172.

The DC PSC also supports requiring ETCs to de-enroll those customers who fail to respond to verification attempts.¹⁹

Regarding the submission of state verification sampling data to USAC,²⁰ the DC PSC notes that it has no sampling data to submit, since its recertification process does not involve sampling. The DC PSC would object to any proposal that would require the DC USTF to implement a sampling process, since the Lifeline customers are required to recertify with DDOE annually, and those who do not recertify lose Lifeline service. Thus, sampling is unnecessary given this recertification process.

The DC PSC supports the FCC's proposal to share verification data collected by USAC and the FCC with state commissions.²¹ Since the DC PSC does not regulate wireless carriers, the only way to obtain wireless ETC customer information is through submissions to USAC and the FCC. With this information, the DCPSC would have a more complete picture of the total number of District of Columbia residents served by Lifeline and how different populations obtain Lifeline service. The DC PSC can use this data to determine the customer populations being served by wireless ETCs, to better target the DC USTF to reach populations that may be best served by wireline ETCs.

V. Coordinated Enrollment

The DCPSC supports coordinated enrollment, in which a customer can sign up for Lifeline service while applying for public assistance, because it should increase the number of eligible customers receiving Lifeline service. The DC PSC notes that, in the District of Columbia, there have been discussions to consolidate the utility discount program certification activities with the public assistance certification activities performed by the Income Maintenance Administration ("IMA"), which handles public assistance applications in the District of Columbia. The DC PSC has consistently sought updates on this transition, believing that this consolidation would permit IMA staff to inform their clients of the utility discount program benefits, including Lifeline, that would be available to them. The DCPSC

¹⁹ *Lifeline NPRM*, ¶ 192.

²⁰ *Lifeline NPRM*, ¶ 193.

²¹ *Lifeline NPRM*, ¶ 194.

intends to continue its efforts to promote Lifeline adoption through coordinated or automatic enrollment.

VI. Outreach

The DC PSC has been actively engaged in outreach activities designed to inform consumers about Lifeline for several years. The DC PSC has worked with its ETCs, the District of Columbia Office of the People's Counsel ("DC OPC"), DDOE, and other interested parties to identify community organizations with which to partner to inform their clients about Lifeline. The DCPSC participates in hundreds of outreach activities a year to educate low income District residents about Lifeline and other low income utility discount programs. During these events, the DC PSC provides materials that compare Verizon DC and NationsLine's Lifeline offerings in Spanish and English. The DC PSC is committed to continuing and expanding on these activities. The DC PSC is hopeful that some of the commenters in this proceeding will provide suggestions about successful programs that they have implemented to promote Lifeline service, so that the DC PSC can incorporate these best practices into its own outreach activities.

VII. Inclusion of Broadband in Lifeline Service

As stated in its previous comments, the DC PSC fully supports the inclusion of broadband in Lifeline service. Recent broadband mapping efforts demonstrate that there is a stark digital divide in the District of Columbia. The average broadband wireline adoption rate for the District as a whole was 65.3% in 2009. However, in Wards 5, 7 and 8, which have incomes that fall significantly below the median income for the District of Columbia, adoption rates were below 40%, while adoption rates in Wards that have incomes above the median income for the District of Columbia were in the 80-100% range.²² Extension of Lifeline support for broadband services should assist in bridging this digital divide to provide more education and employment opportunities and access to governmental services to low income residents in the District of Columbia.

²² See, Press Release, Office of the Chief Technology Officer of the District of Columbia, March 9, 2011. See <http://octo.dc.gov>. The average income for residents of Wards 5, 7, and 8 in 2000 was \$29,994, while the average income for residents in other Wards was \$48,296 in 2000.

VIII. ETC Designation

The *Lifeline NPRM* seeks comments on an AT&T proposal to eliminate the ETC designation process for Lifeline service providers and permit carriers to offer Lifeline service in all areas where they offer service.²³ Such a proposal, if adopted and applied to state USFs, would eviscerate the District of Columbia's ability to designate ETCs, since the District of Columbia does not have any high-cost areas and would not be designating ETCs for that purpose. Any provider would be able to offer Lifeline service and, in the case of wireline providers, receive assistance from the DC USTF, without any DC PSC oversight. With more providers, the opportunities for duplicate Lifeline services increase, thus creating more potential for waste, fraud, and abuse. The DCPSC would be required to rely even more heavily than now on the ability of the FCC and USAC to monitor these new entrants. The DC PSC respectfully cautions the FCC to refrain from exempting Lifeline providers from complying with section 214 requirements for the reasons stated herein.²⁴

IX. Conclusion

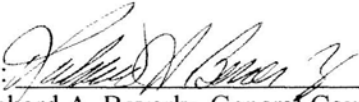
The DC PSC appreciates the thoroughness of the *Lifeline NPRM* in addressing many complex issues regarding Lifeline and Link Up. The DC PSC applauds the proposals that would assist in decreasing waste, fraud, and abuse at the federal level, since the DC PSC lacks the authority to regulate wireless ETCs. The DC PSC encourages additional oversight by the FCC and USAC for Lifeline service providers that are unregulated by the DC PSC. However, the DC PSC urges the FCC not to adopt policies and rules that would preempt existing state universal service funds that provide additional Lifeline assistance to their low income customers. The DC PSC is committed to working with other state commissions, the Federal-State Joint Board on Universal Service, and the FCC to expand Lifeline service to those customers who truly need assistance to connect to the voice and broadband worlds. The DC PSC appreciates the opportunity to comment in this proceeding.

²³ *Lifeline NPRM*, ¶ 310.

²⁴ 47 U.S.C. § 214(e).

Respectfully submitted,

**PUBLIC SERVICE COMMISSION
of the DISTRICT OF COLUMBIA**

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